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E.O. 12958: DECL: 04/05/2018  
TAGS: [ECON](#) [EINV](#) [EPET](#) [EC](#)  
SUBJECT: CHEVRON DISPUTES REPORT BY ECUADORIAN  
ENVIRONMENTAL EXPERT

Classified By: Ambassador Linda Jewell, Reasons 1.4 B and D.

¶1. (U) Summary: A court-appointed "expert" in a long-running legal case in Ecuador announced on April 1 that Chevron should pay up to \$16 billion for alleged environmental damage. Chevron immediately disputed the announcement and charged the expert as unqualified and biased. Chevron continues to seek the case's dismissal based on the court's failure to follow due process. End summary.

¶2. (U) Richard Cabrera, a court-appointed expert, filed his environmental report on April 1 in the legal case filed in Ecuadorian court on behalf of residents of the Amazonian region in Ecuador, for alleged environmental damage stemming from an oil concession operated by Texaco between 1972-1992. Texaco was subsequently purchased by Chevron. The expert told the court that Chevron should pay between \$7-16 billion in compensation for allegedly dumping 18 billion gallons of contaminated water in the Amazon rainforest.

¶3. (U) Chevron immediately responded that Cabrera lacks qualifications and expertise; ignored any damage potentially incurred by Petroecuador, which has assumed ownership of the fields, and is being paid solely by the organization that stands to benefit from any ruling. The company issued a statement saying that Cabrera is biased in favor of the plaintiffs, and that his field work ignored all scientifically accepted technical procedures for site assessment. Chevron notes that Cabrera's field support team was made up of members of the Frente de la Defensa de la Amazonia, an entity designated by plaintiffs as the recipient of any potential payment in the litigation. It also points out that to date only 47 site inspections have occurred, and only one has been completed its findings were favorable to Chevron. Chevron plans to request that the report be stricken from the record.

¶4. (U) More broadly, Chevron maintains that the legal case should be assumed by the Government of Ecuador, which released Chevron of any further liability after Chevron remediated a third of the concession's well sites, reflecting its final ownership share of the concession (Petroecuador held the remaining shares).

¶5. (C) Chevron has told the Embassy that it believes that a separate fraud case filed against the two Texaco employees who signed the company's remediation settlement agreement should be closed. The company says that two attorney generals have ruled to close the case, and that the only course of action now under the law is to retire it. It

remains open, because the previous President of the Supreme Court refused to close it, and the current President asked the Attorney General to reopen it. Chevron assumes the authorities will keep the case open as long as possible in order to add pressure to the larger remediation case. The Ambassador had urged the former Supreme Court President to resolve the matter in keeping with legal requirements, and the Embassy will consider how it can help Chevron resolve the current procedural complications of this investigation.

¶6. (C) Comment: Chevron has made some telling criticisms of the "expert's" qualifications, and has asserted that if the court of first instance rules against it, it will appeal.

However, the Ecuadorian legal system is highly sensitive to political and, in high profile cases, popular pressure. In appointing what appears to be an unqualified and biased expert, the Ecuadorian court may have initiated a process that Chevron will be hard pressed to reverse in Ecuador, regardless of the merits of its legal arguments. Meanwhile, Chevron had begun to quietly explore with senior GOE officials whether it could implement a series of social projects in the concession area in exchange for GOE support for ending the case, but now that the expert has released a huge estimate for alleged damage, it might be hard for the GOE to go that route, even if it has the ability to bring the case to a close. End comment.  
Jewell